

How to share productivity gains

"Expansion of employment; cooperation between labor and management; and the fair distribution of the fruits of productivity among labor, management, and consumers," were the three guiding principles of the Japanese productivity movement, which started in 1955. Japan achieved remarkable economic growth based on these principles. However, severe international competition and deteriorating domestic economy have led to changes in the employment system, working environment, personnel management practices, and labor relations in Japanese enterprises. The study meeting on the Fair Distribution of Productivity Gains among Stakeholders held in Japan, 19–23 January, examined the latest developments in productivity gain-sharing globally based on the Japanese experience. Eighteen participants representing employers' federations, government, and unions, along with executives, management consultants, and academics, attended.

Hosei University Professor Hiroyuki Fujimura reported that the "new era of declining population since 2005" had been manifested in a shortage of labor in the long term, necessitating the employment of older persons in the workforce, and in an increase in the number of "nonregular employees." Trade union membership in Japan has dropped sharply, although joint consultation is still undertaken in both unionized and nonunionized workplaces. Interpersonal relationships based on mutual trust are now under strain given current economic difficulties.

Dr. Peter Gahan of Monash University, Australia, presented three forms of gain-sharing: wages, financial participation, and nonfinancial benefits. Nonfinancial benefits include flextime arrangements, work and family initiatives, employee security and flexibility, and work and job sharing. Director Subramaniam Thiagarajan, National Trades Union Congress, Singapore, cited Singapore's union-management response to the present financial crisis as three-fold: cutting costs to save jobs; investment in upskilling and reskilling to prepare for the eventual



JFE Steel Corporation union leader explaining its wage system

upturn; and not losing sight of the long term. The study meeting identified key challenges facing member countries: how to link performance with productivity; and how to diffuse productivity gains in companies to ensure that wage increases do not lag too far behind productivity growth.

The participants agreed that key ingredients for successful gain-sharing plans were simplicity, clear links between pay and targets, strong leadership, and involvement of top management and union leaders. APO and NPO training courses, along with technical support, could address the major difficulties and constraints associated with sharing not only productivity gains but also the pain associated with the current economic crisis.

Site visits to the Federation of JFE Steel Workers' Union and Tokyu Department Store Group Labor Union demonstrated how management and labor can compromise on work-life balance, gender equality, different working styles of older workers, and transparency in wage systems through open dialogue. 